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24 December 1968

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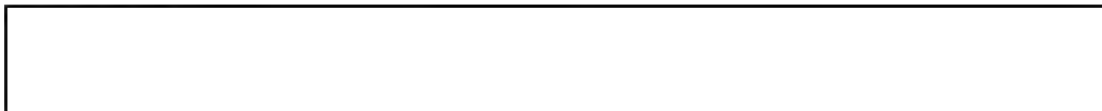
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[Vietnam: Vice President Ky's suggestions for a new approach to the negotiations, made public in a taped telecast on 22 December, appear primarily designed to convince world opinion that Saigon is forthcoming and is not stalling in Paris.

If they were taken up, Ky's proposals would have the immediate effect of ejecting the National Liberation Front from the conference room, thereby satisfying the position held by Saigon before it decided to join the talks.

Ky has proposed that the withdrawal of North Vietnamese forces be arranged first, with US forces leaving shortly thereafter in accordance with the 1966 Manila Declaration. Only after North Vietnamese withdrawal was well on the way and after South Vietnam's border was effectively policed by an international force, would Ky have Saigon talk to the Front as a "reality."

Ky almost certainly believes that such military developments would shift the balance of power sharply against the Front and that it would be much safer to deal with it as a "reality" because it would be much less of a threat. It seems likely that Ky expects the Communists to take a similar view of his proposal and, at least initially, to denounce it.

At the same time, Ky may hope that the North Vietnamese will eventually be sufficiently interested in getting the talks moving to agree, at least in private, to discuss withdrawal without requiring participation by the Front and the Saigon government in the opening stages.

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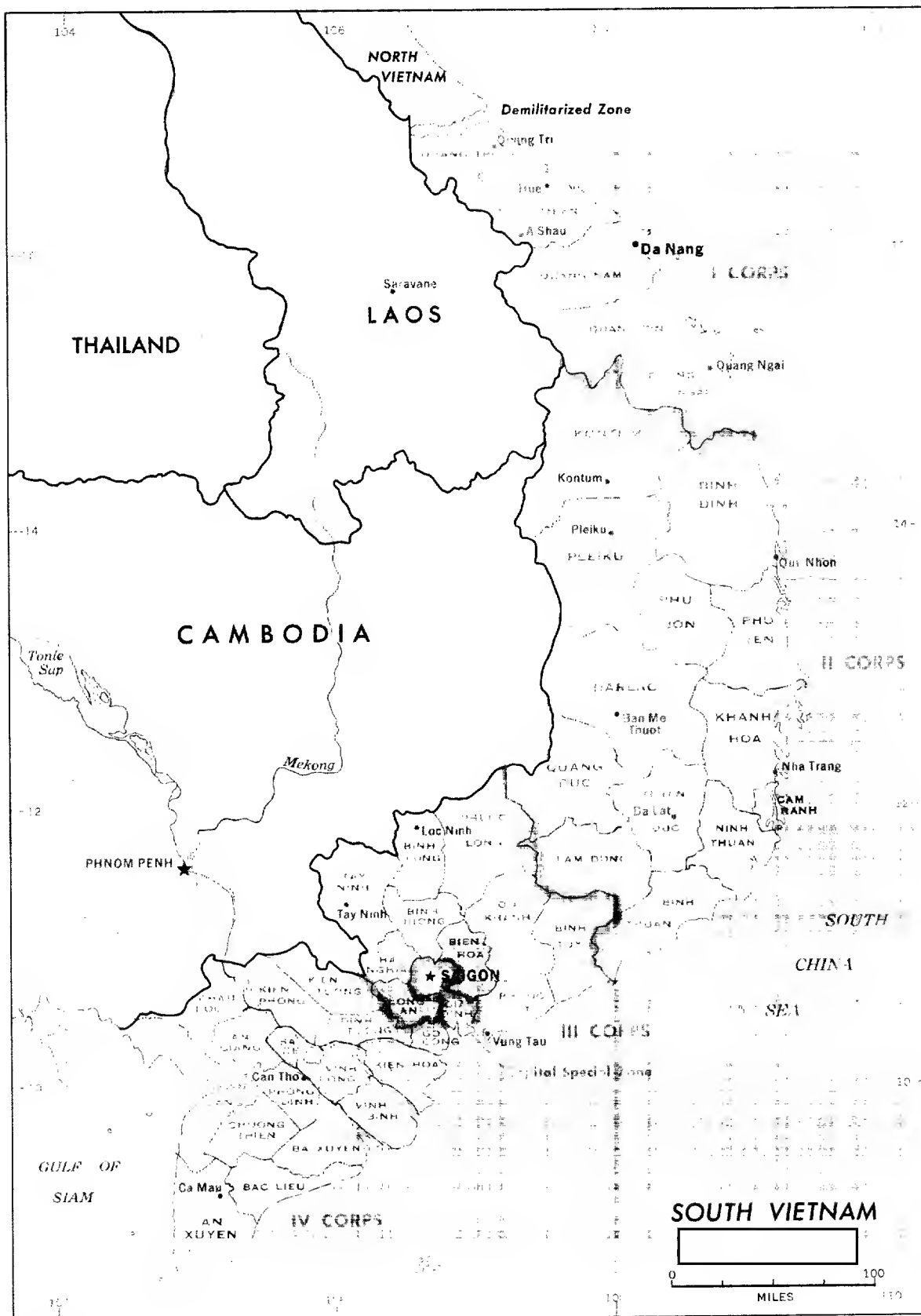
Communist forces continued to intensify their offensive activity on 22-23 December, particularly in III Corps.]

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[In the provinces surrounding Saigon, the enemy launched some 26 ground assaults and mortar and rocket attacks against allied bases and field positions. In the most significant actions, Communist battalions hit South Vietnamese Army positions in Long An and Bien Hoa provinces, south and east of Saigon. In the capital area itself, enemy activity was limited to several small-scale terrorist incidents.

The most significant activity elsewhere in South Vietnam on 22-23 December occurred west of Da Nang, where an enemy battalion attacked allied military positions. [] (Map)]

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Panama: A power struggle may be developing between the two principal leaders of the National Guard, but an early showdown does not appear likely.

There have been a number of reports of the emergence of two rival factions within the guard--one supporting Commandant Torrijos and the other supporting Chief of Staff Martinez. These two colonels were the leaders of the coup on 11 October and are considered the real powers behind the two-man junta that nominally heads the government.

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[REDACTED]
Martinez is extending his influence and dominance over military and civilian affairs to the point that he now overshadows Torrijos. Martinez, who is described as zealously honest and reform-minded, was the principal instigator of the military takeover, and his arbitrary and aggressive nature could eventually lead him to challenge Torrijos' position.

Thus far, Torrijos has avoided open opposition to Martinez' high-handed methods in the interests of guard unity. A confrontation is possible, however, if their differences become acute. [REDACTED]

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Turkey: Leftist student activists may try to occupy, and possibly sabotage, an American-financed factory near Istanbul within the next few days.

The factory seizure would be part of a two-stage campaign against foreign capital investment in Turkey.

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The second stage of the proposed campaign is tentatively scheduled to begin sometime in March. This phase presumably will include seminars, posters, and pamphlets condemning foreign investment in Turkey.

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Similar plans for antigovernment and anti-American demonstrations last month fizzled, largely because they lacked the necessary organization and financial support. Leftist leaders were also probably dissuaded by spokesmen for both the government and the opposition, who, fearing the situation might get out of hand, urged moderation.

Presumably, the government is well aware of the current plans of the leftist activists and should be able to cope with any major organized effort such as an attempt to force the occupation of an industrial plant. Isolated acts of sabotage, however, would be difficult to prevent.

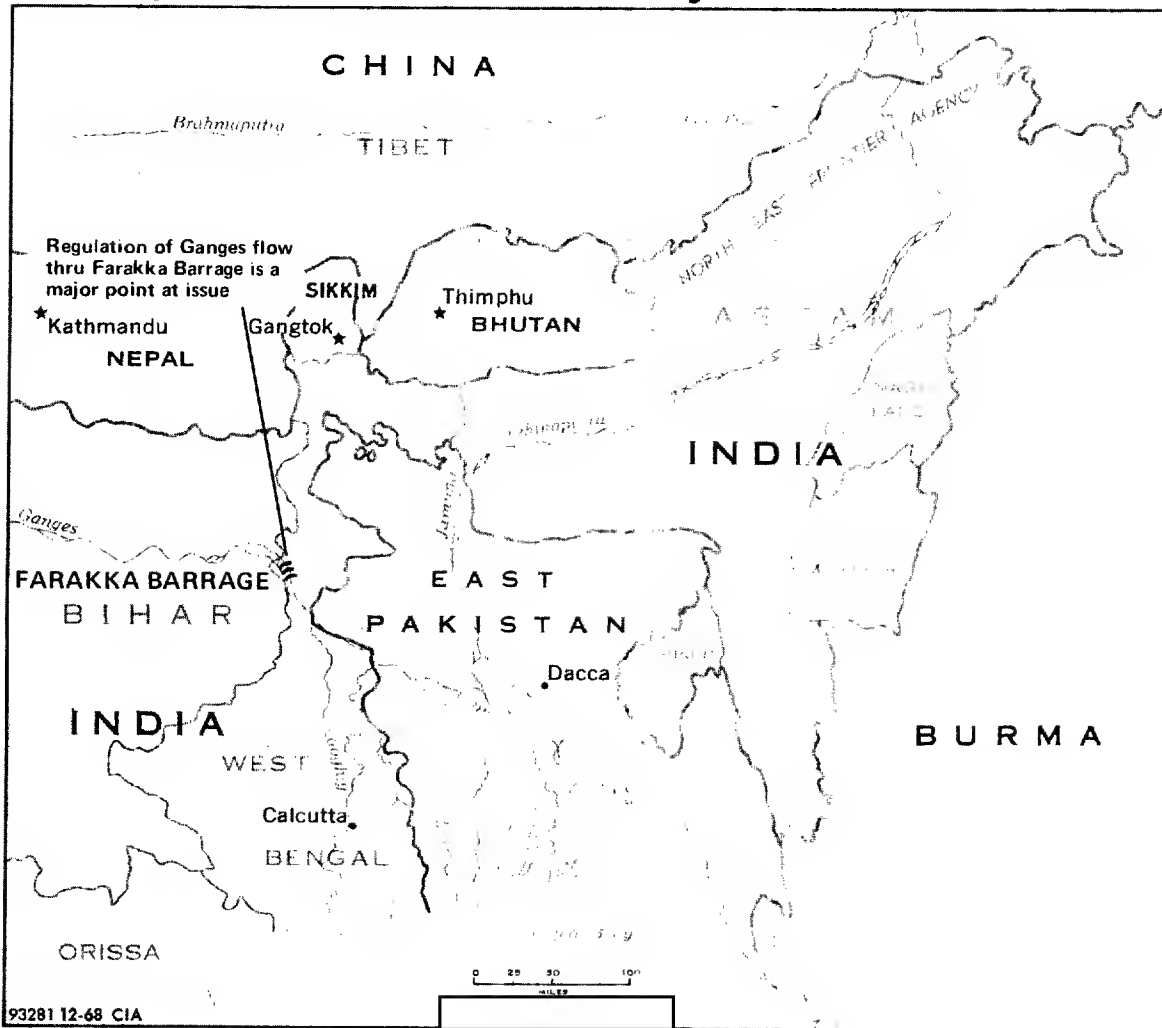
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Minor Progress Marks End of India-Pakistan Ganges Session



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India-Pakistan: The most recent round of Indo-Pakistani talks over India's projected large-scale diversion of Ganges water has ended on a conciliatory note, but no substantive progress was made.

The secretariat-level discussions that adjourned in New Delhi on 19 December apparently went somewhat better than had been expected. The final communiqué stated that both sides attach great importance to expediting a successful conclusion to the talks and are anxious to find a mutually satisfactory solution. The leader of the Pakistani delegation even told the press that the "Gordian knot" had been cut and that the two sides were moving forward.

No agreement, however, was reached on the actual amount of Ganges water that will flow into East Pakistan when India completes a diversionary barrage on the river at Farakka in West Bengal. Each side presented figures on its water needs which, despite a small concession by India, still total up to more than the river's flow during the crucial dry season. Underground, regenerated sources may be enough to make up the differences to Pakistan, but the Indians reportedly will not guarantee that any shortfall from regeneration would be made up by the release of more water through the Farakka barrage.

The secretariat-level talks will be resumed in Islamabad on 18 March. The three-month interval reportedly will be used for further study and the exchange of information on regeneration and on Pakistani projects on the Ganges. The Pakistanis will probably continue to concentrate on getting Indian concessions on sharing the inadequate Ganges flow during the dry season--the obstacle to a final settlement. The Indians, however, will need to resort to face-saving devices in order to make any important concession so as to avoid domestic charges of appeasement. (Map)

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Czechoslovakia-USSR: A bilateral agreement recently concluded during the visit to Prague of the chief Soviet economic planner implies increased Czechoslovak economic dependence on the USSR. According to press reporting, the agreement provides for expanded economic relations, particularly after 1970, but it fails to commit the USSR to a hard-currency credit long sought by the Czechoslovaks. A major provision appears to be the USSR's agreement to augment its exports of fuels, raw materials, and foodstuffs, and of technology to assist Prague's program to modernize its industry. Although the pact is still not in final form, as it now stands it will leave Czechoslovakia unable to finance substantial imports of Western technology.

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